

**MINUTES OF THE
CENTRAL BASIN WATERMASTER
WATER RIGHTS PANEL

PROGRESS PARK
BOARD ROOM
15500 DOWNEY AVE., PARAMOUNT, CA

THURSDAY, JANUARY 8, 2015
1:30 P.M.**

Chairman Glancy called the regular meeting of the Central Basin Watermaster Water Rights Panel to order at 1:31 pm.

1. PLEDGE OF ALLEGIANCE

The meeting began with the Pledge of Allegiance.

2. ROLL CALL

Panel Members

John Oskoui	City of Downey
James Glancy	City of Lakewood
Kevin Wattier	City of Long Beach Water Dept.
Chris Cash	City of Paramount
Ken Farfsing	City of Signal Hill
Toby Moore	Golden State Water Co.
Ken Bradbury	Montebello Land & Water Co.

Also Present

Dan Mueller	City of Downey
Charlie Honeycutt	City of Signal Hill
Danilo Batson	City of Montebello
Jeanne-Marie Bruno	Park Water
Chris Castillo	City of South Gate
Gladis Deras	City of Pico Rivera
Grace Kast	Grace Kast Consulting
Chad Lamacchia	LADWP
David Pelsler	City of Whittier
Greg Reed	LADWP
Jason Weeks	Water Replenishment District
James Markman	Richards, Watson, Gershon
Desi Alvarez	MCM Management
Kevin Sales	KJServices Environmental Consulting

3. PUBLIC COMMENTS

No public comments were received.

4. CONSENT CALENDAR

One correction was made to the minutes. Mr. James Markman (RWG) was in attendance at the December 12, 2014 meeting, his name was left off the list of attendees. Panel Member Bradbury (Montebello Land & Water Co.) made a motion to approve Item Nos. 4a, and 4b. Panel Member Moore (Golden State Water Co.) seconded the motion. The Panel Members approved the Consent Calendar by a unanimous voice vote.

5. TREASURER'S REPORT

Panel Member Moore (Golden State Water Co.) presented the Treasurer Report.

Mr. Moore reviewed the financial report prepared by the City of Lakewood. The City's summary report showed that the balance of the WRP's account as of 12/31/14 was \$142,189.32.

Mr. Moore also reviewed the status of the Water Right Panel assessment invoices that were still outstanding. The Panel requested that an updated list of outstanding payments be created and that collection efforts begin to secure those payments. The Panel requested that the Secretary work with Mr. Jason Weeks of the Administrative Body to update the contact information for any accounts that were determined to be outdated.

The Panel also requested that, for any accounts that may continue to be delinquent on the payment of their annual assessment, that Mr. Markman develop and send an appropriate follow-up letter as required.

The item was received and filed by the Panel.

6. ADMINISTRATIVE BODY REPORT

Chairman Glancy (Lakewood) introduced Mr. Jason Weeks of the Water Replenishment District to provide an update on the status of the Administrative Body.

Mr. Weeks reported the following updates:

1. 2014-2015 Water Rights Activity

There has been no lease activity and one sale since the December Water Rights Panel meeting (Aqua Capital Management L.P. to LADWP). A summary of water rights leases and sales is provided below.

Leases

- o There are currently 39 leases transferring a total of 19,146 acre-feet of water rights.

- § 33 leases, totaling 16,342 acre-feet, are with flex (i.e. 40% Carryover).

- § 6 leases, totaling 2,804 acre-feet, are without flex.

Sales

- o There have been 5 water rights sales.

- § Aqua Capital Management L.P. to City of Los Angeles Department of Water and Power

- 1,875.00 acre-feet of Total Water Rights and 1,500.00 acre-feet of APA

- § Atkinson Brick Company to LA Brickyard, LLC

- 11.00 acre-feet of Total Water Rights and 9.00 acre-feet of APA

- § CECC, LLC to ECOGAS, INC.

- 1.00 acre-feet of Total Water Rights and 1.00 acre-feet of APA

- § California Domestic Water Company to Forestar (USA) Real Estate Group Inc.

- 373.75 acre-feet of Total Water Rights and 299.00 acre-feet of APA

- § Petersburg, L.P to California Domestic Water Company

- 373.75 acre-feet of Total Water Rights and 299.00 acre-feet of APA

Groundwater Production

- o November 2014 groundwater production was approximately 14,700 acre-feet. Year-to-date Central Basin groundwater production is approximately 87,100 acre-feet.

2014-2015 Storage Activity

There is currently 20,531.35 acre-feet of water in storage, all of which is within Individual Storage Accounts; no water has been stored in the Community Storage Pool. A summary of stored water, as of November 2014, is shown in the table below.

Party	Quantity	Storage Account
Downey, City of	1,350.00	Individual Storage Account
Cerritos, City of	500.00	Individual Storage Account
Lakewood, City of	500.00	Individual Storage Account
Long Beach, City of	13,331.35	Individual Storage Account
Los Angeles, City of	4,500.00	Individual Storage Account
Maywood Mutual Water Company No. 3	300.00	Individual Storage Account
Whittier Union High School District	50.00	Individual Storage Account

TOTAL

20,531.35

Through November, a total of 745.45 acre-feet of stored water has been extracted in 2014-2015. All of this extraction has occurred from Long Beach's Individual Storage Account and is reflected in the volumes reported above.

Through November, no water has been put into storage in 2014-2015.

2. Update on the WRD's Replenishment Water Order

Mr. Weeks stated that the WRD has begun to receive replenishment water from the State Water project effective 1/8/15. The initial rate of flow is low, 100 cubic foot per second (CFS). A total of 25,000 acre feet of water will be received. Based on the rate of flow, 40% of the water is estimated to be infiltrated in the San Gabriel Basin and 60% being infiltrated in the Central Basin.

3. Administrative Body Assessment Invoice Update

Mr. Weeks stated that the Administrative Body still has 13 outstanding invoices from their portion of the annual assessment. The Water Rights panel requested that the

Administrative Body compare their outstanding invoices with those outstanding for the Water Rights Panel and coordinate collection activity between both bodies.

Chairman Glancy called for a motion to receive and file the Administrative Body Report. A motion was made by Panel Member Oskoui (Downey) with a second by Panel Member Farfsing (Signal Hill). The motion was approved by a unanimous voice vote of the Water Rights panel members.

7. COMMITTEE REPORTS

Rules and Annual Report Coordination

No Rules or Annual Report comments were made or received at the meeting.

Committee on the Regional Disadvantaged Communities Incentive Program (RDCIP).

Panel Member Farfsing provided the Panel members with an update on the status of the Regional Disadvantaged Communities Incentive Program. He stated that the draft RDCIP presented at the Panel's December 12th meeting has been further revised with input from the Ad-Hoc Committee. Panel member Farfsing noted the following changes from the draft presented in December:

1. Central Basin Regional Disadvantaged Communities Incentive Program Bank Account (RDCIP Bank Account) - section VIII of the draft RDCIP. The Panel, at its December 12th meeting, had requested that the Bank Account be removed from the draft. Upon continued consideration the Ad-Hoc Committee restored it feeling that it is an essential component of the RDCIP.

2. RDCIP Bank Account Auditing and Reporting - section VIII.C. With the reinstatement of the RDCIP Bank Account, the Ad-Hoc Committee added back the section pertaining to its annual audit and report.

Panel Member Cash (Paramount) stated that the Ad-Hoc Committee believed that the RDCIP Bank Account was a necessary part of the Program in order to have some way to make the revenues generated through the ground water storage provided through the RDCIP available to Disadvantaged Communities that would benefit from them.

The draft presented at the meeting included an assessment fee, determined by the Panel, which would be paid by disadvantaged communities that take advantage of ground water storage space under the RDCIP. The assessment fees would then be used to generate the funds for the RDCIP Bank. Panel members stated that they did not want the Water Rights Panel to determine and charge the assessment fee. Rather, disadvantaged communities making an application under the RDCIP will determine and propose a cost per acre foot that will be paid to the Water Rights Panel. This will enable the fee to be determined by the existing market conditions rather than separately by the Panel.

The Panel requested that any mention of an "assessment" be removed from the final draft RDCIP document.

Panel Member Oskoui requested that the mention of an RDCIP Administrator (section VIII.D) be removed. He was concerned that the Panel would be committed to a program administrator. The Panel changed the section to state that the Panel could use RDCIP funds for program administration. It further would state that neither Watermaster nor Water Rights Panel general funds could be used for RDCIP administrative costs.

Panel Member Oskoui also asked that if the Panel wanted to make administrative changes to the RDCIP program in the future, would the changes need to go to the Court for approval? Mr. Markman stated that no, Court approval would not be necessary for administrative changes to the RDCIP program.

The Panel discussed the definition of "Disadvantaged Community" as it is used in the RDCIP. The current definition (section IV.C) is established in the Third Judgment and cannot be changed without the Court's approval. The definition in the RDCIP mirrors the language of the Third Judgment.

Panel Member Farfaring stated that if a party to the Third Judgment wanted to change the definition of "Disadvantaged Community" they would be able to petition the Court for an amendment to make a change to the definition.

Mr. Desi Alvarez (MCM Management) asked if the establishment of the RDCIP Bank Account will penalize those disadvantaged communities that want to submit an RDCIP application that involves the use of the actual water storage rights and does not include a payment of fees to the Panel? The Panel responded that all proposed projects are judged based on the benefits that they provide to the greatest number of disadvantaged communities in the Central Basin service area. This benefit will be determined regardless of whether the project includes a direct revenue component or not.

Grace Kast (Grace Kast Consulting) stated that, if the RDCIP was approved by the Panel, it would be opened for a 45-day comment period on January 15, 2015. Comments would be due by February 28, 2015.

Chairman Glancy asked for a motion to approve the draft RDCIP as submitted with the following changes:

1. Include the RDCIP Bank Account and related auditing and reporting language.
2. Remove all mention of an "Assessment" as part of the RDCIP.
3. Remove mention of an RDCIP Administrator and replace it with language that indicates that RDCIP funds can be used toward administration of the Program. Additionally, no Watermaster or Water Rights Panel general funds would be used toward RDCIP administration.

Panel Member Farfsing made a motion to approve the draft RDCIP as presented with the changes indicated. The motion was seconded by Panel Member Oskoui and was approved by a unanimous vote of the Panel members.

8. WATER METER TESTING CONTRACT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES

Chairman Glancy presented the Department of Water Resources initial well testing reports for the period of December 1, 2014 through December 12, 2014. All the well meters tested during the period passed their inspection.

Copies of the well test results were mailed to each of the well owners.

9. SECRETARY'S REPORT

Kevin Sales of KJServices Environmental Consulting, as the secretary for the Water Rights Panel, made comments on the following items:

1. Asked the Panel if they wanted to make any changes to the time of their February 12, 2015 meeting because of a possible travel time impact due to the relocation of the Gateway Water Management Authority from the Progress Plaza to the Clearwater Building. The Panel opted to keep their February 12th meeting as scheduled.

2. Confirmed that he will work with Jason Weeks of the Administrative Body to review the outstanding assessment invoices and coordination collection activity.

3. Reminded meeting attendees to sign in at each meeting to ensure that a correct record of attendance will be included in the monthly minutes.

10. WRITTEN COMMUNICATIONS

The following written communications were discussed at the meeting:

1. Mr. Markman reminded the Panel members that the next Judgment Update meeting with the Court is scheduled for February 4, 2015 in Department 310 of the Los Angeles County Superior Court.

2. The Panel discussed the response letter signed by seven (7) Gateway Cities' mayors to the mayors of the cities of Los Angeles and San Diego regarding their position in opposition to Metropolitan Water District's inclusion of a replenishment item in their Water Supply Allocation Plan.

13. AGENDA ITEMS FOR NEXT MEETING

The agenda was discussed for the Water Rights Panel meeting of February 12, 2015. It was agreed that the following items would be included on the Panel's meeting agenda:

1. Treasurer's Report.
2. Administrative Body Report.
 - a. WRD report on the condition of the Central Basin
3. Committee Reports
 - a. Rules Committee Update. Report on February 4th Court session.
 - b. RDCIP Update.
4. Water Meter Testing monthly report.

15. WATER RIGHTS PANEL MEMBER COMMENTS

No comments were received.

16. ADJOURNMENT

The meeting adjourned at 2:11 pm.



CHAIRMAN

ATTEST:
